INSTITUTE @PRECISION™

AN INDUSTRY BRIEF FROM INSTITUTE@PRECISION

Market Outlook Q4 2025: Antibody-Drug Conjugates (ADCs)

Hannah Deresiewicz

EVP, Managing Director, Investor Relations & External Communications, Precision AQ

Antibody-drug conjugates (ADCs) have significantly reshaped the oncology treatment landscape since the first approval 25 years ago, offering new hope to many people who are struggling to overcome serious, often late-stage cancers that have proven resistant to existing treatment options. To date, 13 ADCs have been approved, collectively generating over $11 billion in sales, with nearly 130 ADC assets currently in development. The ADC market is projected to grow to over $31 billion by 2030.[1]

ADCs have seen the greatest commercial success in breast cancer and lymphoma, where Enhertu (AstraZeneca/Daiichi Sankyo) and Kadcyla (Roche) have emerged as early market leaders. According to investor sentiment and sell-side research, the next wave of ADCs will target oncology indications outside of breast, bladder, lung, and lymphoma (e.g. prostate, endometrial), though lung and breast cancer were also highly cited.

Investor Sentiment: Bullish Outlook

- Novel targets are viewed as the key differentiator for next-generation ADCs. KOLs and industry experts highlight CDH17, HER3, TROP2, c-MET and B7-H4 as high-potential targets across multiple solid tumor indications.
- Payload innovation is also critical. There is growing excitement around topoisomerase inhibitors and non-chemotherapy-based payloads, such as immunostimulatory agents, protein degraders and oligonucleotides.
- Combination therapy is seen as the next frontier, particularly in resistant or refractory settings and in earlier lines of therapy. The most enthusiasm is around ADCs in combination with checkpoint inhibitors, T-cell engagers, and other systemic immunotherapies.
- Bispecific ADCs are generating strong interest, with upcoming clinical readouts from BMS and AstraZeneca expected to validate the “AND gate” approach, which may enable higher dosing and improved tumor penetration.[2]

Challenges and Limitations

Despite the optimism, several limitations persist:

- Safety variability between preclinical and clinical models remains a concern.
- Target expression in healthy tissues poses safety risks, especially for broadly expressed antigens.
- Resistance mechanisms in currently approved ADCs underscore the need for novel payloads and targeting strategies.

Strategic Outlook

The Street believes ADCs could eventually replace chemotherapy combinations in many first-line cancer treatments, transitioning from later-line metastatic settings to front-line use. This shift is driven by the potential for improved safety and enhanced cytotoxicity through targeted delivery mechanisms.

Global Dynamics: China's Role

Chinese biotech companies are playing a pivotal role in ADC innovation. These companies often focus on validated targets, optimizing compounds for better safety, binding affinity, and stability. Their ability to conduct faster clinical trials and navigate efficient regulatory pathways has attracted significant interest from global investors and pharma partners, particularly for fast-follower programs.[3]

Key Takeaways

- **Biotech leaders – Focus on first-line potential:** Prioritize differentiated targets, payload innovation and China partnerships to unlock global value.
- **Investors – ADCs are booming:** A $31B market by 2030 – look for platforms with clear differentiation and scalable execution.
- **Pharma companies – Make ADCs a priority:** Invest in novel targets and constructs to position for global growth and first-line use.
- **Providers and patients – Here's where hope meets precision:** ADCs deliver powerful therapies directly to tumors, potentially with fewer side effects and better outcomes.

About the Author

Hannah Deresiewicz – EVP, Managing Director, Investor Relations & External Communications, Precision AQ: Hannah Deresiewicz is a seasoned communications strategist with deep expertise in investor relations, public relations, and corporate communications for life sciences companies. At Precision AQ, she leads a team that supports biotech and pharmaceutical clients through critical inflection points, including IPOs, M&A transactions, and major clinical and commercial milestones. Her career spans over a decade of advising companies at the forefront of innovation, helping them navigate the complexities of public markets and strategic growth. Hannah has played a key role in supporting dozens of transactions, including IPOs, PIPEs, follow-on offerings, and high-profile acquisitions. Her insights into capital markets and stakeholder engagement make her a trusted partner to executive teams and boards preparing for transformative events.

References

[1] TD Cowen. *ABCs of ADCs: A Guide to Evaluating the Next Generation.* September 2025.
[2] Canaccord Genuity. *The ABCs of ADCs: Continued Development Expansion, M&A Ahead in Oncology.* July 2025
[3] SMBC NIKKO. *Pharma Lessons from Overseas Results.* September 2025.